



ANNOUNCEMENT

obligations relating to the verification of the source of funds for clients' large cash transactions

Dear Clients,

The Hungarian legislation and the Hungarian National Bank expect the Bank to require a document verifying the source of funds (hereinafter referred to as "verification of the source of fund") from a client wishing to perform large cash transactions.

In view of the above, we ask our Clients to read this Announcement carefully and to comply with the requirements to enable the Bank to perform cash transactions.

Verification of the source of fund

In cases specified by the law, the Bank shall apply enhanced due diligence procedure, which shall include verification of the source of fund. The Bank screens and evaluates transaction amounting to or exceeding 10 million HUF from anti-money laundering and terrorist financing perspectives for clients subject to such procedures.

If clients subject to the enhanced due diligence procedure performs cash transactions or cash exchanges amounting to or exceeding 10 million HUF, the Bank shall obtain **information** on the source of funds and require **documentation of the source of funds to verify this information**.

In addition to the above, the Bank may - **based on a risk-sensitive approach** - request information on the source of funds and documentation on the source of funds for the purpose of verifying the required information.

The Bank carries out the verification of the source of funds for cash transactions **amounting to or exceeding 10 million HUF**, and **below the specified amount** if the transaction to be performed raises suspicion in the Bank's employee and requests the presentation of the source of funds documentation based on a risk-sensitive approach.

Documents

In order to verify the source of funds, the Bank's employee asks the client to fill in the **"Declaration about the Source of Funds" form** and to present the document corresponding to the content of the declaration.

The content of the declaration

The client must declare **the origin and source of the amount of money intended for the transaction to be performed** (e.g.: sale and purchase of real estate). Making a statement with content that relates to the use of the money (e.g.: buying a property) or the client's business (e.g.: restaurant owner) **is not acceptable**. The client must verify the source and not the purpose of the funds involved in the transaction by a document or a statement.

Savings

If the funds held by the client is derived from savings, additional information is required as to the activity from which the client achieved this saving.

Possible documents supporting the activity of saving:

- a final judicial or administrative decision (e.g.: a disposition of property upon death) that is less than 5 years old;
- official certification not older than 5 years (e.g.: certification of a land or a real estate administration body)
- any other notarial or private document representing conclusive evidence not more than 5 years old (e.g.: real estate or motor-vehicle sale, gift),
- Statement of payment account (Statement of bank account) and Cash Payment certificate not older than 3 years (if the client is unable to present a Statement of Payment account – Statement of bank account - because he / she does not have it, then a Cash Withdrawal Certificate);
- Certificate of winning not older than 1 year from a gambling company;
- proof of salary, dividends and bonuses not older than 6 months;
- Cash declaration forms to enter the European Union (not more than 6 months old) (including personal data, cash holder information, cash, cash origin and intended use, as well as shipping information) are shown).

The client has the opportunity to verify an amount not exceeding HUF 100 million with a **private document representing conclusive evidence**. The certificate shall include:

- a statement by the client regarding **the source of funds**,
- and the reason for the lack of documentation in the above points

The Bank cannot accept the statement, which is incomplete regarding the form or the content, and refuses to perform the transaction.

Consequences of denying the obligations

If the client does not complete the "**Declaration about the Source of Funds**" the Bank refuses to perform the transaction or, in case of an existing business relationship, terminate the business relationship with the client.

Related legislation and documents:

- **Act LIII of 2017** on the Prevention and Combating of Money Laundering and Terrorist Financing
- **Decree No. 45/2018 (XII. 17.) MNB** on the Rules on the Implementation of the Act on the Prevention and Combating of Money Laundering and Terrorist Financing as Apply to Service Providers Supervised by the MNB and the

Detailed Rules on the Minimum Requirements Applying to the Development and Operation of the Screening System Stipulated in the Act on the Implementation of Restrictive Measures Imposed by the European Union and the UN Security Council Relating to Liquid Assets and Other Financial Interests

- **Decree No. 6/2019. (IV.1)** MNB on the disclosure of source information required by financial institutions and their intermediaries and on the disclosure of source documents for the purpose of verifying this information, facilitating the recognition of the underlying data, fact, circumstance and measures concerning the notification of high risk transactions

Kind regards: MKB Bank Nyrt.